

WASHINGTON – Congressman Spencer Bachus (AL-6) said the federal government can help the struggling housing market without making taxpayers liable for tens of billions of dollars of losses incurred by lenders who made bad loans.

"We all share sympathy for those who have gotten themselves into a serious bind regarding their mortgages, but the answer is not found in a bailout at taxpayer expense," Bachus said after debate on a major housing bill.

Bachus voted against a bill that would allow lenders to shift up to \$300 billion of their worst loans to the taxpayer-backed Federal Housing Administration (FHA). It also establishes a \$4 billion grant program to let state and local governments buy foreclosed properties at the taxpayers' expense. In addition, the bill would raise taxes on homebuyers through the creation of a new government housing program supported by a fee on mortgage transactions processed by the government sponsored enterprises (GSEs) Fannie Mae and Freddie Mac.

Helping to lead floor debate as Ranking Member of the Financial Services Committee, Bachus stated, "Rather than bringing a clean bill to the floor to improve GSE regulation, modernize FHA, and crack down on rogue elements in the mortgage industry, the Majority has brought us something else entirely. The bill before us today includes provisions that would actually *undermine*

GSE safety and soundness and fiscal discipline, by diverting billions of dollars from Fannie Mae and Freddie Mac and from homeowners and taxpayers to pay for three big new government programs. And it does so at a time when we should instead be doing everything within our power to stabilize the GSEs and our housing markets to avoid the need for an even bigger taxpayer bail-out down the road."

Bachus warned that a recently-added provision offering the mortgage finance giants a direct investment of taxpayers' dollars raises troubling questions, especially in light of government obligations that already include Social Security, Medicare, pensions, and the budget deficit. The cost to taxpayers could range as high as \$100 billion, according to the Congressional Budget

Office.

"Deciding this momentous issue in less than a two-week time span with virtually no deliberation is a surrender of Congressional responsibility. Congress did not do that with Chrysler, Lockheed, or Conrail, all of which were extensively studied and debated before action was taken," Bachus said.

Bachus said while there were some provisions in the bill he agreed with - such as the creation of a national licensing and registration system for mortgage originators that he has long advocated – the overall legislation was too flawed to win his support.